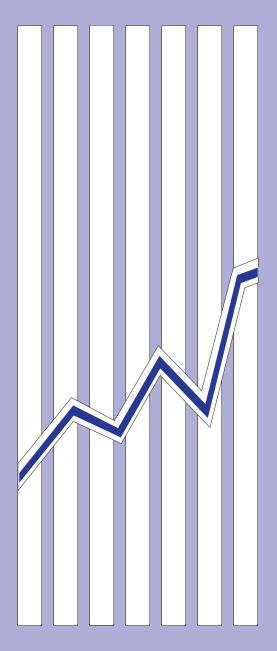


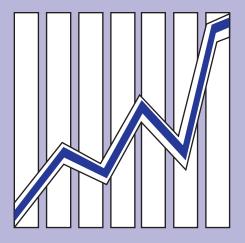
SURVEY of CURRENT BUSINESS



In This Issue...

Federal Budget Estimates, Fiscal Year 2001

An Examination of the Low Rates of Return of Foreign-Owned U.S. Companies



Survey of Current Business

The Survey of Current Business (ISSN 0039–6222) is published monthly by the Bureau of Economic Analysis of the U.S. Department of Commerce. Editorial correspondence should be addressed to the Editor-in-Chief, Survey of Current Business, Bureau of Economic Analysis, U.S. Department of Commerce, Washington, DC 20230.

Subscriptions to the Survey of Current Business are maintained, and their prices set, by the Government Printing Office, an agency of the U.S. Congress.

Send address changes to Superintendent of Documents U.S. Government Printing Office Washington, DC 20402

To subscribe, call 202–512–1800. To inquire about your subscription, call 202–512–1806.

Subscription and single-copy prices:

Periodicals: \$48.00 domestic

\$60.00 foreign

First-class mail: \$120.00

Single copy: \$17.25 domestic

\$21.56 foreign

Make checks payable to the Superintendent of Documents.

Periodicals postage paid at Washington, DC and at additional mailing offices (USPS 337–790).

The Secretary of Commerce has determined that the publication of this periodical is necessary in the transaction of the public business required by law of this Department.

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THIS ISSUE of the SURVEY went to the printer on March 13, 2000. It incorporates data from the following monthly BEA news releases:

U.S. International Trade in Goods and Services (February 18),
Gross Domestic Product (February 25), and
Personal Income and Outlays (February 28).

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Accounting for Renewable and Environmental Resources

[Reprint of chapter 4 of Nature's Numbers: Expanding the National Economic Accounts to Include the Environment]

Last summer, a blue-ribbon panel of the National Academy of Sciences' National Research Council completed a congressionally mandated review of BEA's prototype integrated economic and environmental accounts. As part of its promise to inform users of the results of this evaluation, BEA is reprinting chapters from the panel's final report.

An Examination of the Low Rates of Return of Foreign-Owned U.S. Companies

In 1988–97, the average rate of return on assets (ROA) of foreign-owned nonfinancial companies, at 5.1 percent, was 2.2 percentage points below that of U.S.-owned companies; over the period, the ROA gap narrowed to about 1 percentage point in 1997. Among several factors that may help explain the lower ROA of foreign-owned companies, age and market share were found to be significant, and industry mix and shifting of profits outside the United States using transfer prices were found to be relatively insignificant. These findings are based on newly developed estimates of the rate of return for foreign-owned U.S. nonfinancial companies that are disaggregated by industry and valued in current-period prices.

Regular features

Business Situation

Real GDP increased 6.9 percent in the fourth quarter of 1999, according to the "preliminary" estimate; the "advance" estimate issued last month had shown a 5.8-percent increase. The upward revision reflected upward revisions to consumer spending, to State and local government spending, to exports of goods, and to private nonfarm inventory investment. The price index for gross domestic purchases increased 2.3 percent in the fourth quarter, the same as the previously published increase.

Federal Personal Income Tax Liabilities and Payments, 1959–97

BEA's estimates of Federal personal income tax liabilities and payments have been revised, beginning with 1959, to incorporate the results of the recent comprehensive revision of the NIPA's and newly available tax return data from the Internal Revenue Service. Since 1992, the differences between liabilities and payments have generally been small; in 1997, payments exceeded liabilities by \$2.3 billion.

Federal Budget Estimates, Fiscal Year 2001

Each year, BEA prepares a "translation" of the administration's budget that puts the budget's receipts and outlays on a basis that is consistent with the framework of the NIPA's. For fiscal year 2001, the Federal current surplus on the NIPA basis would be \$171.1 billion, compared with the surplus of \$184.0 billion in the administration's budget. The budget estimate of receipts would exceed the NIPA estimate of current receipts by \$2.4 billion, and the NIPA estimate of current expenditures would exceed the budget estimate of outlays by \$10.5 billion.

Reports and statistical presentations

Errata: Industrial Composition of State Earnings in 1958–98

BEA Current and Historical Data

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LOOKING AHEAD

☼ Revised NIPA and Related Estimates. Revised NIPA estimates for 1929–58 and revised estimates of fixed assets and consumer durable goods for 1925–98 that reflect the recent comprehensive NIPA revision will be presented in the April Survey.